

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Gloria Schmanek

SUBJECT: EARLY COUNCIL PACKET

DATE: June 3, 2014

Approved

/s/ Ed Shikada

Date

6/3/14

EARLY DISTRIBUTION COUNCIL PACKET FOR
JUNE 17, 2014

Please find attached the Early Distribution Council Packet for the June 17, 2014 Council Meeting.

2.x Report on Bids and Award of Contract for the 2014 Arterial Resurfacing Project.

Recommendation: Report on bids and award of a construction contract for the 2014 Arterial Resurfacing Project to the lowest responsive bidder, Granite Construction Company, in the amount of \$3,957,700, and approval of a ten percent (10%) contingency in the amount of \$395,770. CEQA: Exempt, File No. PP11-035, Public project exemption for street sealing within the public right-of-way citywide. (Transportation)

2.x Report on Bids and Award of Contract for the 7483 - 2014 ADA Accessibility Ramps Project.

Recommendation: Report on bids and award of a construction contract for the 7483-2014 ADA Accessibility Ramps Project to the low bidder Spencon Construction, Inc. in the amount of \$970,921 with a contingency of \$97,092. CEQA: Exempt, File No. PP13-051. (Transportation)

2.x Actions Related to the Purchase of Real Property Located at the Northeast Corner of Kerley Drive and East Rosemary Street.

Recommendation:

- (a) Approve the purchase agreement with Anita Chan, et al., in the maximum amount of \$2,042,200, for the purchase of land located at the northeast corner of Kerley Drive and East Rosemary, San José, CA, APN No. 235-05-010 for the future construction of Rincon South Park.
- (b) Adopt a resolution authorizing the City Manager or his designee, to execute the purchase agreement and all other documents necessary to complete the transaction.

- (c) Adopt the following Appropriation Ordinance amendments in the Subdivision Park Trust Fund (Fund 375):
 - (1) Decrease the Reserve: Future PDO / PIO Projects by \$1,336,000; and
 - (2) Increase the Rincon South Area Park Land Acquisition appropriation by \$1,336,000, from \$217,000 to \$1,553,000.
- (d) Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District #3 (Fund 380):
 - (1) Establish an estimate for Earned Revenue in the amount of \$450,000;
 - (2) Establish the Rincon South Area Park Land Acquisition appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$450,000;
 - (3) Increase the CD 3 Public Art appropriation to the Office of Economic Development by \$20,000; and
 - (4) Decrease the Ending Fund Balance by \$20,000.

CEQA: Not a Project, File No. PP10-066, Agreements and Contracts. Council District 3. (Economic Development/City Manager)

TO BE DISTRIBUTED SEPARATELY

2.x Report on Bids and Award of A Construction Contract for 7394 – Emergency Diesel Generator Package 2A Project.

Recommendation: Report on bids and award of a construction contract for 7394 – Emergency Diesel Generator Package 2A Project to the lowest responsive bidder, Anderson Pacific Engineering Construction, Inc., for the base bid in the amount of \$15,310,000, and approval of a ten percent contingency in the amount of \$1,531,000.

CEQA: Exempt, File No. PP13-049. (Environmental Services)

TO BE DISTRIBUTED SEPARATELY

2.x Actions Related to the Slurry Seal Project.

Recommendation:

- (a) Adopt a resolution authorizing the Director of Public Works to determine the lowest responsive and responsible bidder for the 7613 - 2014 Slurry Seal Project, to decide any timely bid protests including issues of bidder responsiveness or responsibility, and to either: (i) award the construction contract in an amount not to exceed the funds appropriated for the project or (ii) to reject all bids and re-bid the project; and
- (b) Approve a contingency equal to ten percent of the base contract award amount.

CEQA: Exempt, File No. PP11-035. (Transportation)

TO BE DISTRIBUTED SEPARATELY

3.x Approval of Various Budget Actions for Fiscal Year 2013-2014.

Recommendation: Adopt 2013-2014 Appropriation Ordinance and Funding Sources Resolution amendments in various funds as detailed in the General Fund and Special/Capital Funds attachments to the Staff memorandum. CEQA: Not a Project, File No. PP10-067(b), Appropriation Ordinance. (City Manager)

TO BE DISTRIBUTED SEPARATELY

3.x Adoption of the Annual Appropriation Ordinance and Annual Funding Sources Resolution for the Fiscal Year 2014-2015 Budget, and Resolution Establishing the Fiscal Year 2014-2015 Appropriation Limit.

Recommendation:

- (a) Adopt the Annual Appropriation Ordinance, including transfers and loans for Fiscal Year 2014-2015 and the Manager's Final Budget Addendum.
- (b) Adopt the Annual Funding Sources Resolution for Fiscal Year 2014-2015 and the Manager's Final Budget Addendum.
- (c) Adopt a resolution taking the following actions with respect to the City's 2014-2015 —Gann Limit:
 - (1) Elect the per capita income index as the inflation factor for 2014-2015 on a provisional basis, with the option to adjust the Limit, if necessary, once the non-residential assessment data is available from the County Assessor;
 - (2) Elect the City population growth index as the population factor for 2014-2015; and
 - (3) Establish the Fiscal Year 2014-2015 Appropriation Limit at \$936,545,078 in compliance with Article XIIIB of the State Constitution.

CEQA: Not a Project, File No. PP10-067(b), Appropriation Ordinance. (City Manager)

TO BE DISTRIBUTED SEPARATELY

3.x Actions Related to the 2014 Tax and Revenue Anticipation Note.

Recommendation:

- (a) Adopt a resolution:
 - (1) Authorizing the issuance and sale of the City of San José 2014 Tax and Revenue Anticipation Note (the "2014 Note") in the not to exceed principal amount of \$100,000,000 to be sold through a private placement; and
 - (2) Approving, in substantially final form, the Note Purchase Agreement and authorizing the Director of Finance or other authorized officers to execute the Note Purchase Agreement and other related documents, as necessary, in connection with the issuance of the 2014 Note and authorizing other related actions in connection therewith.
- (b) Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund for Fiscal Year 2014-2015:

- (1) Increase the estimate for Other Revenue in the amount of \$100,000,000; and
- (2) Increase the Citywide TRANs Debt Service appropriation to the Finance Department in the amount of \$100,000,000.

CEQA: Not a Project, File No. PP10-069(a), City Organizational and Administrative Activities. (Finance/City Manager)

TO BE DISTRIBUTED SEPARATELY

4.x Agreement with the Health Trust to Serve as the City's Rental Subsidy Program Administrator.

Recommendation:

- (a) Approve a Grant Agreement with The Health Trust in the amount of \$2,000,000 for the administration of the Tenant-Based Rental Assistance Program for FY 2014-2015; with 4 one-year options to extend, at the City's discretion and subject to future appropriation; and
- (b) Approve a Grant Agreement with The Health Trust in the amount of \$1,300,000 for the administration of the Place-Based Rapid Re-Housing Program for FY 2014-2015, with 4 one-year options to extend, at the City's discretion and subject to future appropriation.

CEQA: Not a Project, File No. PP10-066(e), Services that involve no physical changes to the environment. (Housing)

TO BE DISTRIBUTED SEPARATELY

4.x Predevelopment and Construction/Permanent Loan Commitment with Charities Housing Development Corporation for the Metropolitan Apartments North Phase.

Recommendation: Adopt a resolution:

- (a) Approving a construction/permanent loan commitment of up to \$12,981,000 of Multi-Source Housing Fund money to 2112 Monterey Road Apartments, L.P., a legal entity related to Charities Housing Development Corporation ("Borrower"), for development of the North Phase of The Metropolitan Apartments ("Project") located at 2112 Monterey Road ("the Site");
- (b) Approving an increase of \$250,000 to the Borrower's existing acquisition/predevelopment loan that is currently secured on the Site;
- (c) Authorizing the Director of Housing to negotiate and execute the necessary loan- and subdivision-related documents for the Project, including amendments, reconveyances, and consents; and
- (d) Authorizing a Loan to Value amount in excess of 100%.

CEQA: Mitigated Negative Declaration File Nos. GP08-07-04 and PDC09-015.

(Housing)

TO BE DISTRIBUTED SEPARATELY

4.x Construction/Permanent Loan Commitment with First Community Housing for the Second Street Studio Apartments.

Recommendation: Adopt a resolution:

- (a) Approving a construction/permanent loan commitment of Low and Moderate Income Housing Asset Funds to Second Street Studios, L.P., a legal entity related to First Community Housing, of up to \$8,000,000 for the Second Street Studio Apartments ("Project") located at 1140 South Second Street;
- (b) Approving a \$500,000 predevelopment loan for the Project; and
- (c) Authorizing a Loan to Value amount in excess of 100%.

CEQA: Mitigated Negative Declaration, File No. PDC07-086. Council District 3.

(Housing)

TO BE DISTRIBUTED SEPARATELY

4.x Grant Commitment for Housing for Independent People Rehabilitation Project.

Recommendation: Adopt a resolution:

- (a) Approving a grant commitment to Housing for Independent People (HIP), a nonprofit public benefit corporation, for a conditional grant of up to \$1,800,000 to rehabilitate its existing affordable rental properties at ten locations (1059 Roewill Drive, 3825 Barker Drive, 247-249 Muirfield Drive, 1231 Minnesota Avenue, 2551 Sesame Court, 1713 and 1731 Ross Circle, and 5629, 5668 and 5684 Hoffman Court)(collectively, "Project") to provide 31 units or rooms in single-family and multifamily dwellings for extremely low-income ("ELI") homeless individuals and families referred by the City for five years;
- (b) Authorizing the Project to be exempted from the City's prevailing wage policy because the rehabilitation will be conducted at scattered sites, each with less than eight units; and
- (c) Authorizing the Director of Housing, or designee, to set the specific business terms and negotiate and execute all documents necessary to implement the rehabilitation, Project-Based Rental Assistance ("PBRA") and operating subsidy, including, but not limited to, applications, agreements, amendments, and payment requests which may be necessary in connection with the rehabilitation grant, rental assistance, and operating subsidy.

CEQA: Exempt, File No. PP13-108. Council Districts 1, 5, 6, 8, 9 and 10. (Housing)

TO BE DISTRIBUTED SEPARATELY

4.x Report on Bids and Award of Contract for the 1322 - Southeast Branch Library Project.

Recommendation: Report on bids and award of the construction contract for the 1322 - Southeast Branch Library Project to the low bidder Zovich and Sons, Inc., for the base bid and Add Alternate No.1, in the amount of \$8,855,000, and approve a contingency in

the amount of \$886,000. CEQA: Addendum to the Evergreen Specific Plan EIR, Resolution No. 63719, File No. PP10-008. Council District 8. (Public Works)

TO BE DISTRIBUTED SEPARATELY

4.x Actions Related to the Design and Construction of Photovoltaic Panels and Solar Structures at the San Jose Environmental Innovation Center.

Recommendation: Adopt a resolution authorizing the Director of Public Works to:

- (a) Reject the bid received on May 15, 2014 for the Photovoltaic Panels and Solar Structures at the San Jose Environmental Innovation Center Project as non-responsive and authorize the Director to re-bid the Project;
- (b) Award the construction contract for the Photovoltaic Panels and Solar Structures at the San Jose Environmental Innovation Center Re-Bid Project to the lowest responsive and responsible bidder in an amount not to exceed \$2,728,000 and approve a contingency not to exceed available funding when added to the contract amount or up to 10%, whichever is lower;
- (c) Hear and decide any timely bid protest(s), to make the City's final determination as to the lowest responsive bidder that is responsible, or to reject all bids and re-bid the project; and
- (d) Execute change orders in excess of \$100,000 within the contingency amount.

CEQA: Negative Declaration for the installation of photovoltaic panels and parking lot structures at the EIC was adopted on December 1, 2009, File No. PP09-138. Council District 3. (Public Works)

TO BE DISTRIBUTED SEPARATELY

4.x Actions Related to the 6447 – Husted-Richland Sanitary Sewer Improvement Project.

Recommendation:

- (a) Adopt a resolution adopting the Mitigated Negative Declaration prepared for the Almaden-Coleman-Husted Sanitary Sewer Improvement Project (File No. PP11-091) and the Addendum to the Almaden-Coleman-Husted Sanitary Sewer Improvement Project Mitigated Negative Declaration (PP13-074), as having been completed in compliance with the California Environmental Quality Act (CEQA) reflecting the City's independent judgment and analysis, and adopting a mitigation monitoring and reporting program; and
- (b) Report on bids and award of contract for the 6447 - Husted-Richland Sanitary Sewer Improvement Project to the low bidder, Mountain Cascade, Inc., in the amount of \$2,433,540, and approve a contingency in the amount of \$243,354.

CEQA: Mitigated Negative Declaration, Resolution to be adopted, File No. PP11-091. Council Districts 6 and 9. (Public Works/Planning, Building and Code Enforcement)

TO BE DISTRIBUTED SEPARATELY

4.x Actions Related to the 6403 – Almaden Expressway Sanitary Sewer Improvement Project.

Recommendation:

- (a) Report on bids and award of contract for the 6403 - Almaden Expressway Sanitary Sewer Improvement Project to the low bidder, Mountain Cascade, Inc., in the amount of \$3,937,038 and approval of a contingency in the amount of \$393,704.

CEQA: Mitigated Negative Declaration, File No. PP11-091. Council District 10.
(Public Works/Planning, Building and Code Enforcement)

TO BE DISTRIBUTED SEPARATELY

4.x Actions Related to 6391 – Coleman Road Sanitary Sewer Improvement Project.

Recommendation:

- (a) Report on bids and award of contract for the 6391 - Coleman Road Sanitary Sewer Improvement Project to the low bidder, JMB Construction, Inc., in the amount of \$5,647,269, and approval of a contingency in the amount of \$564,700.

CEQA: Mitigated Negative Declaration, File No. PP11-091. Council District 10.
(Public Works/Planning, Building and Code Enforcement)

TO BE DISTRIBUTED SEPARATELY

5.x Actions Related to the Department of Parks, Recreation and Neighborhood Services 2014-2015 Agreements.

Recommendation: Adopt a resolution authorizing the following, subject to the appropriation of funds by the City Council, and on such terms and conditions as deemed appropriate by the City Manager:

- (a) Authorize the City Manager to negotiate and execute all agreements, amendments and extensions for the Department of Parks, Recreation and Neighborhood Services (PRNS) identified in the “Compensation Paid by the City of San José” (Attachment A) consistent with the 2014-2015 Adopted Budget;
- (b) Authorize the City Manager to negotiate and execute agreements and amendments to accept grant funds identified in the “Compensation Paid to the City of San José” (Attachment B);
- (c) Authorize the Director of Parks, Recreation and Neighborhood Services to apply for, accept, negotiate and execute 2014-2015 agreements and amendments as identified in “Delegation on Contract Authority to PRNS Director” (Attachment C) consistent with Adopted Budget amounts for the following City programs:
 - (1) After School Education and Safety (ASES);
 - (2) Bringing Everyone’s Strengths Together (BEST);
 - (3) Community Center Reuse (Reuse);
 - (4) Evaluation Consultant Agreement(s) to assess PRNS programs/services;
 - (5) Leisure Class Vendor Agreements;

- (6) Mayor's Gang Prevention Task Force (MGPTF) grant revenue and related sub-contractor agreements where applicable;
- (7) Mayor's Gang Prevention Task Force Memorandums of Understanding (MGPTF MOUs);
- (8) Recreation of City Kids (ROCK);
- (9) Revenue agreements with sponsors, grantors, and contributors;
- (10) Safe Summer Initiative Grant (SSIG);
- (11) Santa Clara Family Health Plan for the Children's Health Initiative;
- (12) Senior Education and Outreach Grants;
- (13) Senior Health and Wellness Grants; and
- (14) Senior Transportation Services.

CEQA: Not a Project, File No. PP10-066(e), Services that involve no change to the environment. (Parks, Recreation and Neighborhood Services)

TO BE DISTRIBUTED SEPARATELY

Joint San Jose Financing Authority

2. Approval of Asset Addition for the City of San Jose Financing Authority Lease Revenue Commercial Paper Program.

Recommendation:

- (a) City Council adopt a resolution to approve and authorize the execution and delivery of a Fifth Amendment to the Site Lease, a Fifth Amendment to the Sublease, and other related actions in order to provide for the addition of a component of property under the Site Lease and the Sublease in connection with the City of San José Financing Authority's Lease Revenue Commercial Paper Program;
- (b) City of San José Financing Authority Board adopt a resolution to approve and authorize the execution and delivery of a Fifth Amendment to the Site Lease, a Fifth Amendment to the Sublease, a Fourth Amendment to the Memorandum of Assignment and other related actions in order to provide for the addition of a component of property under the Site lease and the Sublease in connection with the City of San José Financing Authority's Lease Revenue Commercial Paper Program.

CEQA: Not a Project, PP10-069, City organizational and administrative activities. (Finance)

TO BE DISTRIBUTED SEPARATELY

These items will also be included in the Council Agenda Packet with item numbers.

/s/

GLORIA SCHMANEK

Agenda Services Manager



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen

SUBJECT: 2014 ARTERIAL RESURFACING

DATE: May 27, 2014

Approved

/s/ Ed Shikada

Date

6/3/14

RECOMMENDATION

Report on bids and award of a construction contract for the 2014 Arterial Resurfacing Project to the lowest responsive bidder, Granite Construction Company, in the amount of \$3,957,700, and approval of a ten percent (10%) contingency in the amount of \$395,740.

OUTCOME

Approval of this construction contract will help rehabilitate and preserve approximately seven miles of streets on the Priority Street Network.

BACKGROUND

The Department of Transportation (DOT) regularly resurfaces streets to improve their structural integrity, appearance, and ride quality and extend the useful life of the streets in order to avoid more costly reconstruction. Resurfacing of streets includes removal of the top layer of asphalt, repairing any underlying roadway damage, applying a new layer of rubberized asphalt, and installing new roadway striping and markings. The 2014 Arterial Resurfacing Project will resurface approximately 6.7 miles of streets. The streets to be resurfaced as part of this project are listed in the attachment.

The 2014 Arterial Resurfacing Project is one of four pavement maintenance projects planned for the 2014 construction season. A complete list of all 2014 pavement maintenance projects was provided in an Information Memo to Council distributed on April 16, 2014

<http://www.piersystem.com/external/content/document/1914/2145209/1/04-16-14DOT.PDF>.

ANALYSIS

Bids were opened on May 8, 2014 with the following results:

HONORABLE MAYOR AND CITY COUNCIL

May 27, 2014

Subject: 2014 Arterial Resurfacing Project

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CONTRACTOR	CITY	BID AMOUNT	VARIANCE	% UNDER/OVER ENGINEER'S ESTIMATE
GRANITE CONSTRUCTION COMPANY	Watsonville, CA	\$3,957,699.55	-\$262,300.45	(6.2)
O'GRADY PAVING, INC.	Mountain View, CA	\$4,043,200.00	-\$176,800.00	(4.2)
MCK SERVICES, INC.	Concord, CA	\$4,083,662.00	-\$136,338.00	(3.2)
BAY CITIES PAVING & GRADING INC.	Concord, CA	\$4,170,639.00	-\$49,361.00	(1.2)
GRANITE ROCK COMPANY	San Jose, CA	\$4,191,630.00	-\$28,370.00	(0.7)
<i>ENGINEER'S ESTIMATE</i>	----	<i>\$4,220,000.00</i>	----	----
G. BORTOLOTTI & CO., INC.	San Carlos, CA	\$4,278,294.10	\$58,294.10	1.4

The bid documents have been evaluated and found to be in order. The low bid submitted by Granite Construction Company is \$3,957,699.55 and is 6.2% below the Engineer's Estimate of \$4,220,000. The estimate is based on bids received from similar past projects, current estimated construction prices and with the consideration of an increase in asphalt price.

The bid is considered acceptable for the work involved in the project and staff recommends that the construction contract be awarded to Granite Construction Company.

Council Policy provides for a standard contingency of five percent on projects involving street resurfacing and sealing. Staff is requesting a ten percent contingency for this project due to unforeseen conditions that may arise during construction and to allow the flexibility to add locations to the project scope, taking advantage of very favorable bid prices. The funding budgeted for this project is sufficient to provide for the recommended ten percent contingency.

Construction is scheduled to begin in July 2014 and will be completed before the end of October 2014.

EVALUATION AND FOLLOW-UP

The Department of Transportation provides an ongoing evaluation of the City's pavement conditions and will provide future reports on this topic to the Transportation and Environment Committee.

PUBLIC OUTREACH/INTEREST

- ✓ **Criterion 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater; **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

To solicit contractors this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record* and bid packages for this construction project were also provided to various contractor organizations and builders' exchanges. In addition, when the project commences, the contractor, as stated in the specifications, will provide advance notification regarding working hours, duration of project, and any appropriate schedule and lane closures to affected businesses and residents. To inform traveling motorists of upcoming construction activities and potential traffic delays, changeable message signs may be used on selected streets stating the schedule dates and time for work to occur on the street.

COORDINATION

This project, including specifications and bid documents, has been coordinated with the Department of Public Works, and this memo has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

This project supports the Transportation and Aviation Services City Service Area goal to *Preserve and Improve Transportation Assets and Facilities*.

COST IMPLICATIONS

1. **COST OF PROJECT:**

Project Delivery/Development	\$395,769.96
Construction Contract	\$3,957,699.55
Contingency	<u>\$395,769.96</u>

TOTAL PROJECT COSTS: \$4,749,239.46

2. **SOURCE OF FUNDING:**

309 – Pavement Maintenance – Measure B

Funding is provided by 2010 Measure B revenue allocated by the Santa Clara Valley Transportation Authority (VTA) and obtained from county vehicle registration fees, along with city funds from Construction Excise Tax revenues.

3. **FISCAL IMPACT:**

This project will have no net operating and maintenance costs to the General Fund.

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the contract recommended as part of this memo, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn. Name	Total Appn	Amount for Project	2013-2014 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
309	7440	Pavement Maintenance – Measure B	\$7,220,000	\$2,500,000	V-864	2/11/14, No. 29378
465	6123	Pavement Maintenance – City	\$7,951,000	\$2,249,239.46	V-862	10/08/13, No. 29320
Total Curren Funding Available			\$15,171,000	\$4,749,239.46*		

*Project costs include \$3,957,699.55 (Construction Contract), \$395,769.96 (Project Delivery/Development), and \$395,769.96 (Contingency).

HONORABLE MAYOR AND CITY COUNCIL

May 27, 2014

Subject: 2014 Arterial Resurfacing Project

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CEQA

Exempt, File No. PP11-035, Public project exemption for street sealing within the public right-of-way citywide.

/s/


HANS F. LARSEN
Director of Transportation

For questions please contact Kevin O'Connor, Deputy Director for DOT Infrastructure Maintenance, at (408) 794-1987.

2014 ARTERIAL RESURFACING PROJECT**List of Streets**

STREET NAME	FROM	TO	CD	MILES
BERNAL RD	SANTA TERESA BLVD	SAN IGNACIO BLVD	2	1.60
BERRYESSA RD	PIEDMONT RD	HWY 680	4	3.19
CURTNER AVE	BOOKSIN AVE	LINCOLN AVE	6	1.88
TOTAL				6.67

CITY COUNCIL ACTION REQUEST

Department(s): Transportation	CEQA: Exempt, File No. PP13-051	Coordination: Public Works, City Attorney's Office and the CMO – Budget Office	Dept. Approval: /s/ Hans F. Larsen
Council District(s): Citywide			CMO Approval: 

SUBJECT: AWARD OF CONTRACT FOR 2014 ADA ACCESSIBILITY RAMPS PROJECT

RECOMMENDATION:

Report on bids and award of a construction contract for the 7483-2014 ADA Accessibility Ramps Project to the low bidder SPENCON CONSTRUCTION, INC. in the amount of \$970,921 with a contingency of \$97,092.

BASIS FOR RECOMMENDATION:

The City annually retrofits existing non-ADA compliant curbed intersections with ADA complaint ramps. The number of ramps built each year by the City depends upon the amount of funding available. Each year when consideration is given to the locations of new ADA ramps, the highest priority is given to routes used by those with disabilities and areas surrounding senior and community centers.

This project will install 382 new ADA ramps at various intersections throughout the city. The scope of work includes the design and construction of the new ramps, curb, gutter and sidewalk, and the removal and replacement of asphalt concrete pavement adjacent to ramp locations.

The bids were opened on March 27, 2014, with the following results:

Contractor	Bid Amount	Variance	% Under/Over Engineer's Estimate
Engineer's Estimate	\$864,000.00	-	-
Spenco Construction	\$970,921.00	\$106,921.00	12.4
JJR Construction	\$1,047,943.85	\$183,943.85	21.3
Rosas Brothers Construction	\$1,071,300.00	\$207,300.00	24.0
Golden Bay Construction	\$1,198,344.00	\$334,344.00	38.7
Sposeto Engineering	\$1,482,310.00	\$618,310.00	71.6
FBD Vanguard Construction	\$1,486,045.00	\$622,045.00	72.0
Wattis Construction	\$1,546,075.00	\$682,075.00	78.9

The bid documents have been evaluated and found to be in order. The low bid submitted by Spenco Construction is \$970,921.00 and is 12.4% above the Engineer's Estimate of \$864,000. The estimate is based on bids received from similar past projects and current estimated construction prices. The bid is considered acceptable for the work involved in the project and staff recommends that the construction contract be awarded to Spenco Construction.

Staff is requesting a ten percent contingency for this project due to unforeseen conditions that may arise during construction and to allow the flexibility to add locations to the project scope, taking advantage of favorable bid prices. The funding budgeted for this project is sufficient to provide for the recommended ten percent contingency.

Construction is scheduled to begin in June 2014 and will be completed before the end of February 2015.

COST AND FUNDING SOURCE:

1. COST OF RECOMMENDATION/COST OF PROJECT:

Construction Contract	\$970,921.00
Contingency	\$97,092.10
Project Delivery	\$97,092.10
Total Contract Amount	\$1,165,105.20

2. SOURCE OF FUNDING: Fund 465: ADA Sidewalk Accessibility Program (Appn 5231, RC 178785) and Bicycle and Pedestrian Facilities (Appn 4292, RC 167925)

3. FISCAL IMPACT: This project will have no net operating and maintenance costs to the General Fund.

FOR QUESTIONS, CONTACT:

Kevin O'Connor, DOT Deputy Director for Infrastructure Maintenance,
at (408) 794-1987.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

SUBJECT: CITY OF SAN JOSE
2014 TAX AND REVENUE
ANTICIPATION NOTE

FROM: Julia H. Cooper
Jennifer A. Maguire

DATE: May 27, 2014

Approved

Date

5/3/14

RECOMMENDATION

It is recommended that the City Council:

(a) Adopt a resolution:

- (1) Authorizing the issuance and sale of the City of San José 2014 Tax and Revenue Anticipation Note (the "2014 Note") in the not to exceed principal amount of \$100,000,000 to be sold through a private placement; and
- (2) Approving, in substantially final form, the Note Purchase Agreement and authorizing the Director of Finance or other authorized officers to execute the Note Purchase Agreement and other related documents, as necessary, in connection with the issuance of the 2014 Note and authorizing other related actions in connection therewith.

(b) Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund for Fiscal Year 2014-2015:

- (1) Increase the estimate for Other Revenue in the amount of \$100,000,000; and
- (2) Increase the Citywide TRANS Debt Service appropriation to the Finance Department in the amount of \$100,000,000.

OUTCOME

Approval of the recommendations will result in the issuance and sale of the City of San José 2014 Tax and Revenue Anticipation Note ("2014 Note"). Based on historical cash balances, specifically those balances in the General Fund, and information contained within the 2014-2015 Proposed Operating Budget (the "Proposed Budget"), the proceeds of the 2014 Note will

provide necessary funds for cash flow purposes. In particular, this cash flow borrowing will facilitate the annual prefunding of employer retirement contributions for pension and retiree health benefits across all funds.

EXECUTIVE SUMMARY

The City began prefunding the employer retirement contributions for the two retirement plans in 2008 for budgetary savings. Beginning in 2010 and in each fiscal year thereafter, the City has had to enter into short-term borrowings to avoid a negative cash balance in the General Fund's portion of the City's Investment Pool. Annually, staff evaluates the budgetary benefit of both issuance of tax and revenue anticipation notes (TRAN) and prefunding of the City's retirement contributions. The strategy of prefunding continues to provide significant budgetary savings to the City. For 2014-15, the budgetary savings are estimated at \$9.9 million in all funds and \$7.5 million in the General Fund.

For 2014-15, on July 1 the City intends to issue a TRAN with Bank of America, N.A. in the amount of \$100 million. The City will sell the note directly to the Bank in a private placement. The estimated interest expense is \$350,000 and costs associated with the financing are estimated at \$50,000, resulting in a total projected cost of borrowing at approximately \$400,000.

BACKGROUND

During the development of the *General Fund Structural Deficit Elimination Plan* in 2008, a set of strategies was developed. One of the strategies approved by the City Council on May 16, 2008 was to "utilize financial strategies that have positive net present value," which included annually prefunding the City's portion of retirement contributions. Prior to 2008-2009, the Federated City Employees' Retirement System and the Police and Fire Retirement Plan (collectively, the "Retirement Plans") required the City make biweekly contributions to the Retirement Plans in conjunction with each payroll distribution. These biweekly contributions were calculated based on actual payroll amounts and the contribution rate approved by the Retirement Plan Boards based on biennial actuarial studies.

The *2008-2009 Proposed Operating Budget* included a proposal to recognize ongoing budgetary savings that would result from the prepayment of employer retirement contributions for the Retirement Plans. On June 17, 2008, the City Council approved changes to the San José Municipal Code, and on August 1, 2008, the City made its first prefunding of employer retirement contributions, which included only pension contributions. In 2009-2010, the City again prefunded employer retirement contributions, but included contributions for both pension as well as retiree health benefits.

Beginning in 2010-11, borrowings were necessary given insufficient funds on a cash flow basis to make the payments without causing negative cash balance in the General Fund's portion of the City's Investment Pool to prefund the pension and retiree employer contributions. In each of the

May 27, 2014

Subject: City of San José 2014 Tax and Revenue Anticipation Note

Page 3

last four years, the City issued a tax and revenue anticipation note ("TRAN") in the amounts ranging from \$75 million to \$100 million to prefund the retirement contributions. Annually, staff evaluates the budgetary benefit of both issuance of the TRAN and prefunding of the City's retirement contributions. Since 2008-2009, the analysis has demonstrated that prefunding continues to provide significant budgetary savings each year to the City.

Based on the figures included as of the 2014-2015 February Forecast Base Budget, the prepayment budgetary savings are estimated at \$9.9 million in all funds and \$7.5 million in the General Fund after adjusting for estimated costs of \$400,000 as outlined in this memorandum.

ANALYSIS

Several large General Fund tax revenues are received in an uneven manner based on predetermined schedules, seasonality, and other economic factors. For example, Property Tax Receipts, the largest General Fund revenue source, are received primarily in January and June based on a schedule set forth by the Santa Clara County Controller-Treasurer's Office. Sales Tax Receipts are received on a monthly basis and vary based on seasonal factors such as the holiday sales. In addition, in January and April, the City receives Sales and Use Tax Compensation Fund allocations (the so-called "Triple Flip" true-up revenues) as distributed by the State.

In contrast, expenditures in the General Fund are relatively level throughout the fiscal year. This is largely the result of the personal services expenditures accounting for approximately two-thirds of General Fund expenditures. These expenditures occur biweekly through payroll disbursements. Months with somewhat higher expenditures occur when there are three payroll disbursements or large one-time transfers (such as debt service), but these months are infrequent and the expenditures are generally predictable based on historical patterns.

The result of this timing mismatch between General Fund revenues and expenditures is large net cash outflows (expenditures exceed revenue received) in the first seven months of the fiscal year and large net cash inflows (revenues received exceed the amount of expenditures) in January, April, and June. To analyze the impact on the General Fund's cash position of the annual prefunding of employer retirement contributions, Finance staff prepared a projection of General Fund cash flows for 2014-2015. Based on this projection, after the payment for the prefunding is made in July 2014, the General Fund cash balance will become negative at several points in time during the first half of 2014-2015. To avoid a negative cash balance, staff recommends the issuance of the 2014 Note.

Plan of Finance

Based on the needs for the short-term borrowings in previous fiscal years, the City issued a Request for Proposals on February 25, 2013 (the "2013 RFP") to solicit qualified financial institutions to serve as private placement purchaser for the TRAN in 2013-2014 ("2013 Note"). In the 2013 RFP, the City also expressed interest in multi-year agreement with the same financial

institution to fund a similar intra-year financing program for each of the following three fiscal years through 2015-2016. The City received seven responses to the 2013 RFP, from which Bank of America, N.A. (the "Bank") was selected to serve as private placement purchaser for the 2013 Note for its most favorable borrowing cost and agreement to terms and conditions in substantially the same form of note used in prior years. Two of the responses to the 2013 RFP were submitted with multi-year loan option, one of which was from Bank of America, N.A.

For the 2014 Note, the City anticipates the same level of borrowing need as last fiscal year at \$100 million. Based on this borrowing amount, the Bank proposed a lower total borrowing cost and continuing with substantially the same terms and conditions in the 2013 Note. Staff consulted with the City's financial advisor, Public Resources Advisory Group ("PRAG"), to evaluate the Bank's proposal for the 2014 Note. PRAG conducted surveys with several banks for estimated borrowing costs in the current market. After taking into consideration the total borrowing costs, including such factors as the Applicable Margin (defined below), bank counsel fee, and bond counsel fee, as well as previously established documentation with the Bank and ease of negotiation and execution, PRAG has determined that the City would benefit from reduced transaction time and lower overall borrowing costs by entering into an agreement with the Bank for the 2014 Note. As such, PRAG has concluded that the Bank's proposal would, on an all-in basis, be very competitive in the current market.

In this transaction, the City agrees to sell the 2014 Note directly to the Bank in a private placement. Similar to the 2013 Note, a public offering document is not required or prepared, the Bank cannot publicly trade the 2014 Note, and ratings are not required.

Description of the 2014 Note

This transaction is structured such that the Bank will purchase up to \$100 million in principal amount with a stated maturity date of June 30, 2015 (the "Maturity Date"). The full amount of \$100 million is currently anticipated to be purchased by the Bank in a single note on the closing date of the financing scheduled for July 1, 2014. Prepayment of the 2014 Note in whole or in part may be made at the City's option, with written notice to the Bank of at least three (3) business days prior to such prepayment date. Partial prepayment of principal cannot be less than \$5.0 million and must be in \$1.0 million increments in excess thereof.

The outstanding amounts on the 2014 Note will bear interest at a variable rate based on a LIBOR rate effective for any given interest period ("Interest Rate"), plus a margin of 0.30% for Bank fees (the "Applicable Margin"). This Applicable Margin is a decrease from a margin of 0.35% for the 2013 Note. The Interest Rate shall be the effective LIBOR rate as published two (2) London Banking Days prior to the commencement of such interest period. After the Bank's purchase of the 2014 Note on July 1, 2014, the Interest Rate will initially be based on the daily LIBOR rate plus the Applicable Margin and will then be automatically converted to a fixed rate based on the 30-day LIBOR rate plus the Applicable Margin, until the earlier of the Maturity Date or the date the 2014 Note is paid in full. The City will also have the option to convert the interest rate from the 30-day LIBOR rate to a daily LIBOR rate.

The 2014 Note is anticipated to be borrowed with an estimated interest expense of \$350,000 as well as costs associated with the financing of approximately \$50,000, resulting in a total projected cost of borrowing at approximately \$400,000. The Proposed Budget assumed the issuance and borrowing costs for the TRANs to total \$800,000 based on the best available information at the time regarding cash flow and the interest rates. The current projected interest and borrowing costs have decreased by approximately \$400,000.

The decrease in borrowing costs from that which is included in the Proposed Budget is primarily attributable to the following three factors: 1) the interest rate negotiated was lower than anticipated (1.00% projected in February versus 0.65% projected in May); 2) lower all-in costs from renewing with the same Bank as previous year; and, 3) incorporating the assumption of a similar principal pay down schedule as last fiscal year under the flexible repayment structure throughout the fiscal year, further reducing borrowing costs.

Security for repayment of the 2014 Note is a pledge of the City's 2014-2015 secured property tax revenues (excluding property taxes levied for general obligation bonds) and all other legally available General Fund revenues of the City, if required. The 2014 Note will have a stated maturity of June 30, 2015, but as noted above, can be prepaid at the City's option.

Note Purchase Agreement

To proceed with the issuance of the 2014 Note, the City Council must adopt the resolution described below. As referenced in the proposed resolution, staff recommends that the Director of Finance or the Assistant Director of Finance be authorized to execute and deliver the 2014 Note and that the Director of Finance, the Assistant Director of Finance, or their authorized designees be authorized to enter into and deliver the Note Purchase Agreement also described below. These documents, in substantially final form, will be available for review on the City Clerk's website on or about May 30, 2014.

This agreement (the "Purchase Agreement") is between the City and the Bank. The Purchase Agreement sets forth requirements under which the Bank will purchase the 2014 Note; establishes the interest rate mechanism, outlines repayment terms, contains representations and warranties of the City and the Bank, and specifies conditions precedent to the Bank entering into the Purchase Agreement.

Consistent with other agreements that the City has entered into with various banks, the Purchase Agreement provides that both parties waive their respective right to a jury trial in the event of a dispute. Additionally, the City waives any right to consequential damages in the event of the Bank's breach and the City agrees, to the extent permitted by law, to indemnify and defend the Bank against all liabilities arising out of the Purchase Agreement, except for liability arising from the Bank's gross negligence or willful misconduct. As is the case with a number of the City's agreements with banks, the law governing interpretation of the Purchase Agreement is New York law, the law governing the City's duties and obligations under the Purchase Agreement and the 2014 Note is California law and any

lawsuits concerning the Purchase Agreement and the 2014 Note are to be filed in New York.

Finance Team Participants

The financing team participants consist of:

- | | |
|-----------------------------|------------------------------------|
| • City's Financial Advisor: | Public Resources Advisory Group |
| • Bond Counsel: | Orrick, Herrington & Sutcliffe LLP |
| • 2014 Note Purchaser: | Bank of America, N.A. |
| • Bank Counsel: | McGuire Woods LLP |

Public Resources Advisory Group was selected as the Financial Advisor from the Financial Advisory Pool.¹ Orrick, Herrington & Sutcliffe LLP was selected as the Bond Counsel through a competitive process. Bank of America, N.A. was selected to be the 2014 Note Purchaser as described above.

Financing Schedule

The current proposed schedule is as follows:

- | | |
|---|---------------|
| • City Council approval of 2014 Note financing documents: | June 17, 2014 |
| 2014 Note closing: | July 1, 2014 |

EVALUATION AND FOLLOW-UP

This memorandum presents the set of recommendations related to the City Council's approval of the issuance of the 2014 Note and requires no follow-up to the City Council.

PUBLIC OUTREACH/INTEREST

- ☒ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a

¹ General Financial Advisors were selected and Financial Advisory Pools were established in June 2012 through a Request for Proposals process.

Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum will be posted on the City's website for the June 17, 2014, City Council meeting.

COORDINATION

This report was prepared by the Finance Department and the Budget Office in coordination with the City Attorney's Office and the financing team participants.

FISCAL/POLICY ALIGNMENT

The proposed financing plan is consistent with the City's Debt Management Policy, which establishes the following equally important objectives in order to obtain cost-effective access to the capital markets:

- Minimize debt service and issuance costs;
- Maintain access to cost-effective borrowing;
- Achieve the highest practical credit rating;
- Full and timely repayment of debt;
- Maintain full and complete financial disclosure and reporting; and
- Ensure compliance with applicable State and Federal laws.

COST SUMMARY/IMPLICATIONS

The \$100 million in TRAN will be repaid in 2014-2015. Debt service and costs of issuance are conservatively estimated at \$400,000 for the 2014 Note reflecting costs for debt service interest, bond counsel, bank counsel, and financial advisor. The 2014-2015 Proposed Budget includes funding for these costs.

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the 2014 Note. As the issuance of the 2014 Note ensures sufficient cash balances to prefund the City's retirement contributions across all funds, costs associated with this issuance will be apportioned at a later date.

HONORABLE MAYOR AND CITY COUNCIL

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Fund #	Appn #	Appn. Name	Proposed Appn.	Proposed Budget Action	2014-2015 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
001	R130	Other Revenue	\$14,136,673	\$100,000,000	VI-1	N/A
Total Source of Funds			\$14,136,673	\$100,000,000		
001	3904	TRANs Debt Service	\$800,000	\$100,000,000	IX-23	N/A
Total Use of Funds			\$800,000	\$100,000,000		

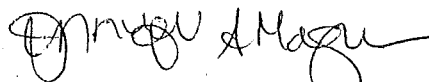
* The 2014-2015 Proposed Operating Budget is subject to approval by the City Council on June 17, 2014. Please note the 2014-2015 Proposed Operating Budget included \$800,000 for the debt service and cost of issuance. A Manager's Budget Addendum has been issued that recommends the reduction of this allocation from \$800,000 to \$400,000.

CEQA

Not a project, File No.PP10-069(a), City Organizational & Administrative Activities.

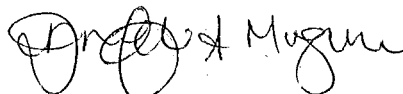
/s/

JULIA H. COOPER
Director of Finance



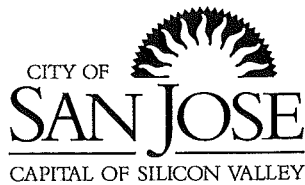
JENNIFER A. MAGUIRE
Deputy City Manager/Budget Director

I hereby certify that there will be available for appropriation in the General Fund in the 2014-2015, monies in excess of those heretofore appropriated there from, said excess being at least \$100,000,000.



JENNIFER A. MAGUIRE
Deputy City Manager/Budget Director

For questions please contact Julia H. Cooper, Director of Finance, at (408) 535-7011.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes

SUBJECT: 1322 – SOUTHEAST BRANCH
LIBRARY PROJECT

DATE: May 27, 2014

Approved

Date

6/3/14

COUNCIL DISTRICT: 8

RECOMMENDATION

Report on bids and award of the construction contract for the 1322 - Southeast Branch Library Project to the low bidder Zovich and Sons, Inc., for the base bid and Add Alternate No.1, in the amount of \$8,855,000, and approve a contingency in the amount of \$886,000.

OUTCOME

Award of the construction contract to Zovich and Sons, Inc. (Zovich) will enable the construction of the Southeast Branch Library to proceed. Approval of the ten percent contingency will provide funding for any unanticipated work necessary for the proper completion of the project.

BACKGROUND

The new Southeast Branch Library is the twentieth library to be constructed using City Library Bond funds and is based on the Branch Facility Master Plan approved by Council in September 2000. This plan included the renovation of 14 existing libraries and the construction of six new libraries. The Southeast Branch is the last of the six new libraries added to the City of San José library system. The site is located at 4001 Evergreen Village Square at the intersection of Classico Avenue and Evergreen Village Square.

The 16,000 square foot one-story library contains various reading areas, children and adult collection spaces, a technology center, study rooms, and a community meeting room. Exterior elements include an outdoor patio space adjacent to the community room. No new designated parking will be constructed for this project as there are over 500 existing "common use" parking stalls that were built as part of the Evergreen Village Square development. Library patrons will have unrestricted access to these parking stalls.

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In accordance with the Green Building Policy, this project was designed and will be built to meet or exceed the equivalent of a "Silver" rating using the LEED rating system of the United States Green Building Council (USGBC).

Construction is scheduled to begin in September 2014 with completion in winter 2016.

ANALYSIS

Although the value of this project falls below the \$10,000,000 Council policy requiring pre-qualifications of general contractors, the Southeast Branch Library general contractors were pre-qualified in an attempt to improve the project outcome. An initial Request for Qualifications (RFQ) process was concluded in February 2014 and resulted in eight contractor submittals. Staff determined that six of the eight submittals were responsive. Staff issued the Notice of Determination of Pre-Qualified Contractors on March 28, 2014. Staff subsequently completed the project bid package and advertised the project for bidding on April 17, 2014.

In addition to the base bid scope of work there are three Add Alternate bid items as follows:

- Add Alternate No. 1: Terrazzo flooring at the entry and marketplace area of the library
- Add Alternate No. 2: Suspended lay-in ceiling panels in the marketplace area
- Add Alternate No. 3: Point supported glazing system at the north exterior wall

Bids were opened on May 15, 2014 with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Add Alt.</u> <u>No. 1</u>	<u>Total</u> <u>Base Bid +</u> <u>Add Alt.</u> <u>No. 1</u>	<u>Variance</u> <u>Amount</u>	<u>Over/</u> <u>(Under)</u> <u>Percentage</u>
Gonsalves & Stronck Const. (San Carlos)	\$10,007,000	\$18,700	\$10,025,700	\$1,190,700	13
Zolman Construction and Development, Inc. (San Carlos)	9,449,000	35,000	9,484,000	649,000	7
SJ Amoroso Construction, Inc. (Redwood Shores)	9,197,000	10,000	9,207,000	372,000	4
Sausal Corporation, Inc. (San Leandro)	9,035,100	27,100	9,062,200	227,200	3
Zovich & Sons, Inc. (Hayward)	8,825,000	30,000	8,855,000	20,000	0.2
Engineer's Estimate	\$8,800,000	\$35,000	\$8,835,000		

The bid results of the add alternates are as follows:

<u>Contractor</u>	Add Alt. <u>No. 1</u>	Add Alt. <u>No. 2</u>	Add Alt. <u>No. 3</u>
Gonsalves & Stronck Const.	\$18,700	\$65,000	\$76,900
Zolman Construction and Development, Inc.	35,000	75,000	50,000
SJ Amoroso Construction, Inc.	10,000	64,000	45,000
Sausal Corporation, Inc.	27,100	80,000	51,600
Zovich & Sons, Inc.	30,000	66,000	85,000
Engineer's Estimate	\$35,000	\$22,000	\$30,000

The low bid submitted by Zovich & Sons, Inc. is 0.2 percent above the Engineer's Estimate. The project specifications states that the lowest bid is to be determined by the total of the base bid plus each Add Alternate until a total below or equal the \$8,800,000 Engineer's Estimate is reached. This award is determined by the base bid alone as all bidders exceeded the Engineer's Estimate. Staff evaluated Zovich's bid and considers this reasonable for the work involved. Alternate No. 1 is recommended for award because the submitted value is reasonable and will greatly enhance the durability of the finished floor at the entry area of the building. Therefore, staff recommends the award of the base bid and Add Alternate No. 1 to Zovich.

The City is currently working with Zovich and Sons, Inc. on the nearly completed Northeast Parcel Development project at the Mineta San José International Airport which includes site and utility work as well as the construction of two airport utility buildings. The Zovich pre-qualification package and reference checks confirmed their most recent projects, which include projects of comparable size at local a college campus including an educational library.

City Council Policy provides for a standard contingency of ten percent on public works projects. The standard contingency is appropriate for this project.

EVALUATION AND FOLLOW-UP

Approval of this recommendation will enable this project to move forward into the construction phase. This project is currently within the budget and on schedule. No additional follow up action with the Council is expected at this time.

PUBLIC OUTREACH/INTEREST



Criterion 1: Requires Council action on the use of public funds equal to \$1,000,000 or greater; **(Required: Website Posting)**

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- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1: Requires Council action on the use of public funds equal to \$1,000,000 or greater. To solicit the pre-qualified contractors and interested sub-contractors, this project was listed on BidSync and was advertised in the *San José Post Record*.

In addition, community participation in the design effort through various community participation meetings for this branch was solicited through flyers at various branches and mailers to the nearby residents. This memo will be posted on the City's website for the June 17, 2014 Council agenda.

COORDINATION

This project and memorandum has been coordinated with the Library and Planning, Building and Code Enforcement Departments, the City Manager's Budget Office, and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The additional branch library will also assist in meeting the Branch Facility Master Plan goal of providing 0.43 square feet of library facilities per capita.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$8,855,000
Project Delivery *	\$2,553,000
Construction	8,855,000
Contingency	886,000
Public Art	121,000
TOTAL PROJECT COSTS	<u>\$12,415,000</u>
Prior Years Expenditures	(\$2,199,000)
REMAINING PROJECT COSTS	\$10,216,000

*Project Delivery includes \$1,214,000 for Design Services and \$1,339,000 for PW Design and Construction Management, Inspection, Testing and Utilities Services. In prior year's expenditures, \$1,789,008 was expended on project delivery.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:
This contract is for a Lump Sum value
3. SOURCE OF FUNDING: 472 – Branch Libraries Bond Projects Fund
4. OPERATING COST: The net operating budget impact to General Fund for operating and maintenance of the Southeast Branch Library is projected to be \$237,000 in 2015-2016 and approximately \$736,000 annually, starting in 2016-2017. This funding was included in the 2015-2019 Proposed Capital Improvement Program. For a summary of the net operating budget impact, please see page V-278 of the 2014-2015 Proposed Capital Budget, 2015-2019 Proposed Capital Improvement Program.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction and contingency costs.

Fund #	Appn. #	Appn. Name	Total Appn.*	Amt. For Contract	2014-2015 Proposed Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$10,216,000			
Funding Available in 2014-2015						
472	4475	Southeast Branch	\$10,190,000	\$8,855,000	V-296	

* The Southeast Branch appropriation that is recommended to fund this contract is included in the 2015-2019 Proposed Capital Improvement Program Budget, which is scheduled for City Council approval on June 17, 2014.

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CEQA

Addendum to the Evergreen Specific Plan EIR, Resolution No. 63719, File No. PP10-008.

/s/

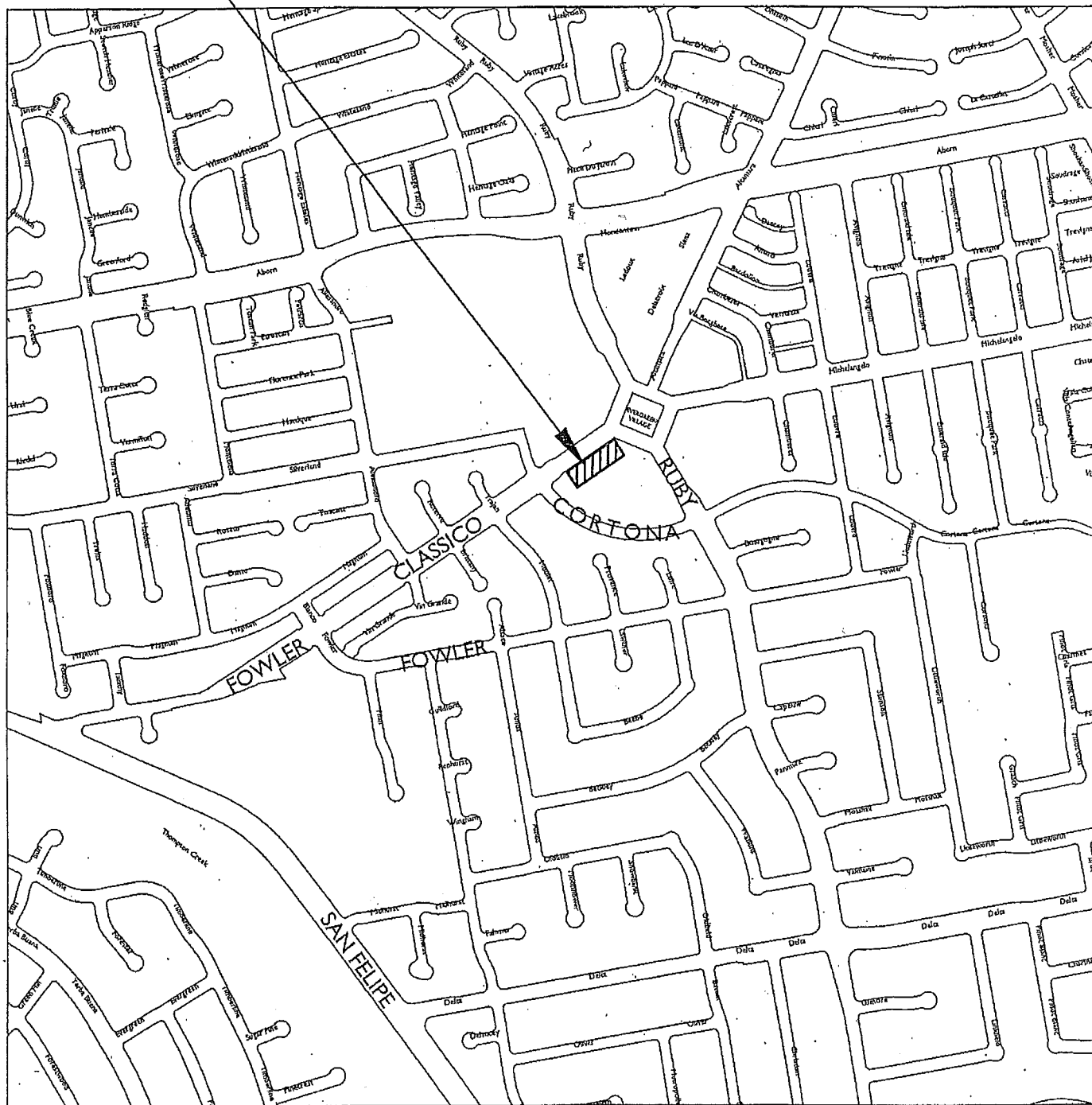
DAVID SYKES
Director of Public Works

For questions please contact Barry Ng, Acting Assistant Director, at (408) 535-8300.

RR: do

Attachment

PROJECT LOCATION



SOUTHEAST BRANCH LIBRARY

LOCATION MAP
NOT TO SCALE